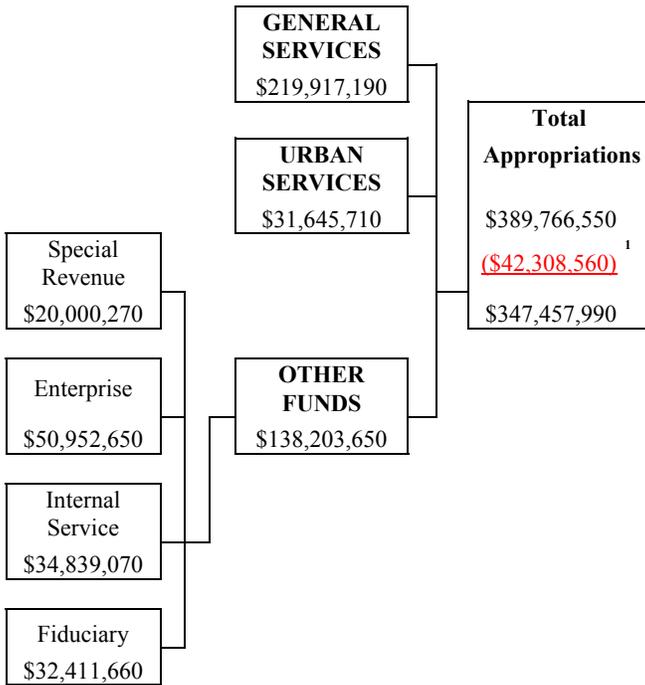


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Organization of the Total Budget by Fund



¹ Interfund transfers.

Introduction to the Budget

As shown on the prior page, the total budget for all funds combined, net of interfund transfers, is \$347,457,990. This is \$8,972,850 more than the FY 2004 budget.

The finances of the government are segregated into funds in order to account for specific activities in accordance with special regulations or restrictions. The total budget is organized as follows:

- Fund 111, the **General Services District Fund**, supports basic services such as police, fire, planning and zoning, parks and recreation, libraries, public transit, and other community services.² This fund is financed primarily by employee withholdings/net profits license fees and property taxes.
- Fund 115, the **Urban Services Districts Fund**, accounts for refuse collection, street lights, and street cleaning services provided by the government. These services are funded by an additional property tax paid only by the property owners in the respective service districts.

² Due to Medicaid reporting requirements, the *Family Care Center Health Services Fund* (112) is accounted for separately. However, it is essentially a part of the General Services Fund and is included in the General Services Fund totals reported in this document.

Budget In Brief

- **Special Revenue Funds** account for the proceeds of specific revenue sources that are legally restricted for specified expenditures, such as *state and federal grant revenues, and Municipal Aid Program* and *County Aid Program* funds.
- **Capital Projects Funds** account for the receipt and disbursement of resources used in construction projects. No Capital Projects Funds are included in the FY 2005 budget.
- **Enterprise Funds** are self-supporting through charges for services. LFUCG enterprise funds include *Sanitary Sewers, Landfill, Right-of-Way, Extended School Program, Enhanced 911, and Public Corporations*.
- **Internal Service Funds** account for the financing of services by one fund to other funds of the government. Included here are the government's *self-insurance funds*.
- **Fiduciary Funds** are used to account for assets held by the government in a trustee capacity. Included are the *Public Library Corporation Fund, the City Employees' Pension Fund, and the Policemen's and Firefighters' Retirement Fund*.

FY 2005 Budget Highlights

The Lexington-Fayette Urban County Council voted to ratify the Mayor's Proposed Budget for fiscal year 2004-2005, as amended, on June 15, 2004. The approved expenditure budget for the General Services Fund is \$219,917,190, which includes changes made by the Council, Mayor, and government divisions between April 27 and June 15, 2004. The total budget for all funds combined, net of interfund transfers, is \$347,457,990.

At the *Budget Call* meeting on December 12, 2003, government Commissioners and division Directors were asked to submit basic service operational budgets with a limitation on new position requests.

The basic principles shaping the FY 2005 budget are:

- ✓ Employee compensation is the first priority.
 - \$7.2 million is included for sworn public safety employees.
 - \$2.4 million is included for the remainder of the employees.
 - Continued effort to complete employee pay equity reviews.
 - Implementation of a hazardous duty pay supplement.
 - Lifting of the three-year freeze on reclassifications.
- ✓ Reduction of staffing levels through a one-time only Early Retirement Incentive program and through attrition.
- ✓ Support for a stable base of funding for the Health Department through a property tax.
- ✓ Achieving efficiencies through consolidation of divisions whenever feasible.

Budget In Brief

- Abolish the Division of Property Management, delete four associated positions, and reallocate other positions and services to other government units.
- ✓ Redevelopment of the downtown and the surrounding areas through economic development, construction, and housing opportunities.
- ✓ Commitment to the Purchase of Development Rights program.
- ✓ Improved information technology resources.
- ✓ Continuation of core government services.
 - New sworn fire positions (24) to staff two additional emergency care units.
- ✓ Commitment to enhance our participation with minority vendors.

Late Item Changes

“Late-item” changes are actions taken during the budget ratification process that starts with the delivery of the Mayor’s Proposed Budget the last week of April and ends with a cut-off date that allows for the creation of the ordinance needed to adopt the appropriations. Changes during this time come from the Council, Mayor, Chief Administrative Officer, Commissioners, and division Directors. The budget ratification process ran from April 27 to June 15, 2004.

These changes include:

1. Budget amendments that passed, or were in process, since April 27th.
2. New business items approved by Council since submission of the Mayor’s Proposed Budget.
3. Divisional requests, such as corrections and/or new resources and expenditures/expenses.
4. Council proposed amendments to the Mayor’s Proposed Budget.

Budget In Brief

General Services District Changes

Following is a listing of changes to the Mayor's Proposed FY 2005 Budget that had an impact on budgeted ending fund balance and that resulted from items 1 – 3 on page 6.

Late Item Changes - June 15, 2004

Changes to Revenue Projections:

State bill to take over telecommunications franchises was not approved	\$357,000
State to operate Home Inspector's program	(15,000)
Revenue from medical reimbursements	50,000
Increase Medicaid reimbursements	21,050
New Chance Grant Revenue	6,000

Total Revenue Projection Changes	\$419,050
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Changes to Expenditure Budgets:

Social Services grants	\$(34,470)
Community Corrections positions	(3,610)
Reduce FHWA Planning grant match	(4,620)
Chair and calculator for new Accountant	490
Increase funds for telephone expenditures	760
Budgeting – reduce minor equipment	(700)
State to operate Home Inspector's program	(4,000)
Psychotropic and AIDS/HIV drugs	50,000
Reduction of debt requirements – timing	(500,000)
Webasto – bi-annual to monthly debt payment	(5,660)
Family Care Center liability insurance	920
Increase child care overtime	4,030
Medical contracts/waste disposal, triage	20,130
Police/Fire promotional tests at bid cost	42,100
Mayor's salary	(10,600)
Downtown improvements	50,000
MTC – temporary and part-time salaries	44,250
Transfer to Parks Projects Fund for capital maintenance and safety projects	250,000
Custodial contract	40,000
Social Services – telephone and Domestic Violence Prevention Board Executive Director salary	9,710
Increase Sister Cities allocation	15,910
Street tree replacement	50,000
Increase JABG grant match	7,590

Total Expenditure Changes	\$22,230
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Lexington-Fayette Urban County Government

Budget In Brief

Council's Specifically Directed Changes June 15, 2004

Changes to Available Funds:

Recognize beginning fund balance from FY
2004 Tax Amnesty program \$1,880,220

Changes to Expenditures:

Decrease Mayor's Office budget \$(262,880)
Decrease CAO's budget (186,800)
Decrease County Clerk's budget (15,000)
Roots and Heritage 29,640
Race Relations 7,610
MLK Jr. Celebration 4,050
Shakespeare in the Park 10,260
High-risk jobs pay 28,050
Increase Council Office budget 109,820
Commonwealth Attorney 40,000
Circuit Judges – (2) Social Worker Sr.
positions 92,220
Neighborhood Match program 25,000
Corridors program 25,000
Storm drain rehab/reconstruction 35,000
Streets and Roads – small projects 50,000
Resurfacing streets and roadways 700,000
Neighborhood Traffic Management program 34,000
Fiber optic cabling 40,000
ECU personnel (12 Positions) 631,100
Fire – Medical Director's contract 95,000
Detention maintenance 96,500
Police – body armor and portable radios 37,500
Police – physical fitness 62,000
Code Enforcement – Forgivable Sidewalk
Loans 75,000
Code Enforcement – vehicle towing 10,000
DEEM 29,100
E-911 – new Administrative Specialist
position 3,690
Building Inspection - code books 4,500
Social Services – Forgivable Sidewalk
Loans 25,000
Outside agencies 279,120

Total Council Expenditure Changes \$2,114,480

Budget In Brief

Summary of General Services District Changes

	Mayor's Proposed	Adopted	Difference
Funds Available	\$217,888,540	\$220,187,810	\$2,299,270
Expenditures	217,780,480	219,917,190	2,136,710
Budgeted Fund Balance	\$108,060	\$270,620	\$162,560

Budget In Brief

Changes to Other Funds

Urban Services Districts Fund

Fund Balance Per Mayor's Proposed Budget	\$8,122,930
Increase funds for high-risk jobs pay	518,180
Government Communications - fund requests for operating supplies and equipment; increase funding for pension contributions and other fringe benefits	64,370
Car wash supplies for all LFUCG	5,000
Computer and software requests	22,000
Vacuum Leaf Collection program	335,590
Budgeted Fund Balance	\$7,177,790

County Road Aid Fund

Projected Ending FY 2004 Fund Balance	\$42,200
Recognize FY 2005 appropriation	497,850
County Road Aid - approved program	(540,050)
Budgeted Fund Balance	\$-

Sanitary Sewer Fund

Fund Balance Per Mayor's Proposed Budget	\$45,450
Increase projected ending FY 2004 fund balance	200,000
Increase funds for high-risk jobs pay	(3,910)
Sump pump program	(200,000)
Budgeted Fund Balance	\$41,540

Changes were also made to the Parks Projects Fund, the Health and Dental Insurance Fund, the Insurance and Risk Management Fund, and the Policemen's and Firefighters' Retirement Funds that did not impact budgeted ending fund balance.

FY 2005

General Services District Fund

General Services District Fund

The Charter creating the merged Lexington-Fayette Urban County Government (LFUCG) divided the county into geographical taxing districts—the General Services District and the Urban Services Districts. The **General Services District** covers the entire county and includes most of the basic services provided to residents (police, fire, parks, housing, etc.). FY 2005 appropriations in the General Services District Fund are \$219.9 million.

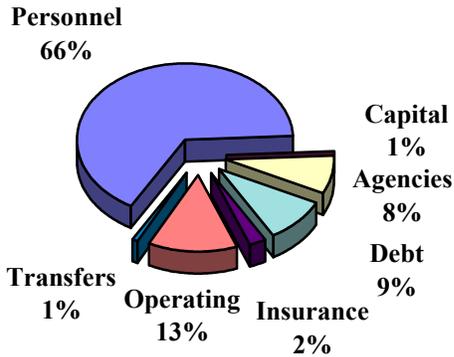
There are several ways in which one can look at how the LFUCG will spend its budget this year. In the following pages, the budget is explained by category of spending and by department, or service area.

Budget In Brief**General Services District Fund
Summary of Revenue and Appropriations**

Category	FY 2004	FY 2005	Difference
<i>Revenue</i>			
Ad Valorem Taxes	\$14,989,000	\$15,560,000	\$571,000
Licenses and Permits	171,064,650	181,194,200	10,129,550
Services	12,791,350	13,189,070	397,720
Fines and Forfeitures	245,300	220,150	(25,150)
Intergovernmental	1,622,000	1,925,170	303,170
Detention Centers	4,397,000	4,755,000	358,000
Miscellaneous	3,468,490	1,464,000	(2,004,490)
Total Revenue	\$208,577,790	\$218,307,590	\$9,729,800
Fund Balance, July 1 (Estimated)	-	1,880,220	1,880,220
Total Available Funds	\$208,577,790	\$220,187,810	\$11,610,020
<i>Appropriations</i>			
Personnel	\$128,518,910	\$144,521,260	\$16,002,350
Agency Services	22,011,570	17,532,490	(4,479,080)
Debt Service	20,679,480	20,890,630	211,150
Insurance	5,687,300	5,088,860	(598,440)
Other Operating	27,860,750	29,307,080	1,446,330
Transfers To/(From) Other Funds	1,332,200	2,043,910	711,710
Total Operating	\$206,090,210	\$219,384,230	\$13,294,020
<i>Capital</i>			
CIP Capital	\$1,853,150	\$301,000	(\$1,552,150)
Operating Capital	560,160	231,960	(328,200)
Total Capital	\$2,413,310	\$532,960	(\$1,880,350)
Total Appropriations	\$208,503,520	\$219,917,190	\$11,413,670
Fund Balance, June 30 (Estimated)	\$74,270	\$270,620	\$196,350

Budget In Brief

Expenditures by Category \$219,917,190



Expenditures by Category FY 2004 vs. FY 2005 (\$000 omitted)

Category	FY 2004	FY 2005	\$ Change	% Change
Personnel	\$128,519	\$144,521	\$16,002	12.5%
Agencies	22,012	17,532	(4,479)	-20.3%
Debt Service	20,679	20,891	211	1.0%
Operating	27,861	29,307	1,446	5.2%
Transfers	1,332	2,044	712	53.5%
Insurance	5,687	5,089	(598)	-10.5%
Capital	2,413	533	(1,880)	-77.9%
Total	\$208,503	\$219,917	\$11,414	5.5%

Expenditures by Category

Personnel (\$144,521,260) accounts for 66 percent of the total General Services budget. This category includes *wages, overtime, and fringe benefits*. The change in this category over last year is due mainly to:

- A pay increase of 3.7 percent in July for most non-sworn personnel.
- Implementation of a ten-step pay system for sworn personnel in Police and Fire beginning September 6, 2004.
- A 3.7 percent pay increase in July and an equity adjustment beginning September 6, 2004, for sworn personnel in Community Corrections.
- A projected eight percent increase in health insurance costs.
- The addition of 24 sworn positions for two emergency care units in Fire.

Outside Agencies (\$17,532,490) are non-governmental programs such as the Library, LexTran, and various social service organizations that receive full or partial funding from the LFUCG. (See page 22 for a complete list of agencies.) The majority of the decrease in this category for FY 2005 is due to the Humane Society appropriation being reflected as a contract in the Commissioner of Public Safety's office and funding for the Health Department through a new ad valorem tax.

Debt Service (\$20,890,630) is for payment on long term and short-term debt incurred to finance public projects. FY 2005 includes the first payment (\$229,430) of the fire equipment notes which were issued in FY 2004.

Insurance (\$5,088,860) is the General Services Fund's payment to the government's self-insurance fund for claims related to workers' compensation, general liability, property, and automobile liability and physical damage. The FY 2005

Budget In Brief

reduction of \$598,440 reflects a reduction in the budget for claims and in the allocation of costs to the General Fund. Additionally, excess auto/general/public official liability insurance was not affordable, and the total exposure for FY 2005 is self insured. The money that would have purchased commercial excess insurance will be restricted to settle or finance claims above the self-insured retention levels.

Other Operating (\$29,307,080) includes the day-to-day expenditures needed to run the various departments, such as office supplies, telephone expenses, fuel, and utilities. Also included are professional services for medical, legal, engineering, etc. The increase of \$1,446,330 reflects changing the appropriation for animal control from an Outside Agency to a contractual arrangement.

Transfers To/From Other Funds (\$2,043,910) represent the transfer of resources from one fund to another. FY 2005 transfers are \$711,710 more than FY 2004, largely due to the reduction in the MAP transfer to the General Fund for Streets and Roads personnel costs.

Transfers To or (From)	FY 2004	FY 2005	Difference
CEP – Administrative	\$1,080	\$800	\$ (280)
CEP – Retirees' insurance	110,500	84,400	(26,100)
CATCH Program	(10,000)	-	10,000
Juvenile Justice	(16,900)	-	16,900
Project Safe Neighborhoods	(38,080)	-	38,080
Golf Course Improvements	101,600	101,600	-
Indirect Cost	(150,370)	(153,070)	(2,700)
LexCall Recovery	(49,630)	(48,430)	1,200
Park Impact Fees	475,000	350,000	(125,000)
Parks Projects	43,450	250,000	206,550
Police and Fire Pension – Administrative	142,200	197,610	55,410
Police and Fire Pension – Retirees' Insurance	2,213,350	2,051,000	(162,350)
Snow Removal Costs	10,000	10,000	-
Streets & Roads personnel	(1,500,000)	(800,000)	700,000
Total Transfers	\$1,332,200	\$2,043,910	\$ 711,710

Capital (\$532,960) includes payments for capital improvement projects such as storm drainage, fiber optic cabling, and neighborhood traffic management, and

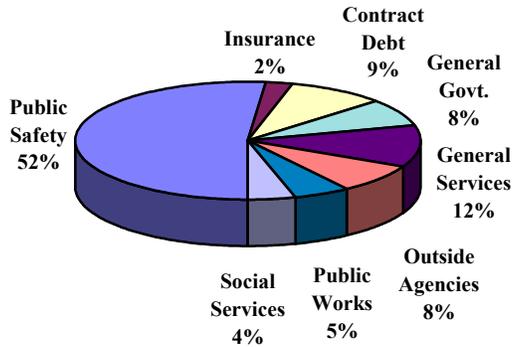
Budget In Brief

operating capital such as copier leases and fire safety equipment. This category reflects a reduction of \$1,880,350, with PDR and software licenses representing the majority of the change.

Expenditures by Department or Service Area

Governmental departments are unique units with specific responsibilities, generally defined in the LFUCG Charter. The budget is explained along departmental lines in the following section.

Expenditures by Department
\$219,917,190



Expenditures by Department or Service Area
(\$000 omitted)

Department	FY 2004	FY 2005	Difference
Public Safety	\$99,777	\$113,739	\$13,962
General Services	24,506	25,211	705
Outside Agencies	22,012	17,532	(4,480)
Contract Debt	20,679	20,324	(355)
General Government	16,474	16,567	93
Public Works	10,369	11,755	1,386
Social Services	8,999	9,700	701
Insurance	5,687	5,089	(598)
Total	\$208,503	\$219,917	\$11,414

Budget In Brief

Public Safety

\$113,738,740

1,723.2 FTE

The largest department in the General Services Fund is Public Safety, accounting for 52 percent of the FY 2005 budget. Alcohol Beverage Control, Building Inspection, Code Enforcement, Enhanced 911, Community Corrections, Environmental and Emergency Management (DEEM), Fire and Emergency Services, and Police are included in this department.

A funding increase of \$14 million is included, with most of that increase earmarked to implement a 10 step pay system for sworn personnel in the Divisions of Police and Fire, an adjustment for equity and a 3.7 percent pay increase for sworn personnel in the Division of Community Corrections, a 3.7 percent pay increase for all non-sworn personnel, and increased health and vision insurance costs.

Program	FY 2004	FY 2005	Change
Police	\$37,327,400	\$41,790,050	\$4,462,650
Fire/Emergency	33,616,620	38,327,710	4,711,090
Comm. Corrections	22,095,190	26,053,180	3,957,990
Commissioner	2,662,760	3,222,530	559,770
Bldg. Inspection	2,118,940	2,262,060	143,120
Code Enforcement	1,484,070	1,457,980	(26,090)
DEEM	458,800	580,900	122,100
Enhanced 911	-	31,280	31,280
ABC ³	12,970	13,050	80
Department Total	\$99,776,750	\$113,738,740	\$13,961,990

³ The ABC (Alcohol Beverage Control) budget includes funds for the part-time ABC Administrator position only. The remainder of the budget is included in the Division of Police.

Public Safety budgets include:

- ✓ Implementation of a 10-step pay system for sworn positions in the Divisions of Police and Fire beginning September 6, 2004.
- ✓ A pay equity adjustment for sworn positions in the Division of Community Corrections beginning September 6, 2004.
- ✓ A 3.7 percent pay increase for most non-sworn employees and sworn employees in the Division of Community Corrections.
- ✓ Increased health and vision insurance costs.
- ✓ An increase in LFUCG's pension contribution rate for sworn positions in the Divisions of Police and Fire (from 20 percent to 21 percent).
- ✓ New sworn Fire positions (24) to staff two additional emergency care units.

The debt service budget includes the first of three payments on the 2004 equipment notes and the second of three payments on the 2003 equipment notes issued to purchase equipment, including items such as replacement police and fire vehicles. Also included is the first payment on the fire vehicle equipment notes.

The increase in the Commissioner of Public Safety's budget reflects changing the appropriation to the Humane Society for animal control from an Outside Agency to a contractual arrangement. Community Correction's budget includes increased medical costs for inmates at the Detention Center.

Budget In Brief

General Services

\$25,211,110

394.2 FTE

Funding for the Department of General Services is \$705,380 more than FY 2004, with most of the change due to increases in personnel costs.

Program	FY 2004	FY 2005	Change
Parks and Recreation	\$14,468,460	\$15,821,580	\$1,353,120
Property Management	3,029,190	-	(3,029,190)
Building Maint./Const.	2,673,700	4,139,340	1,465,640
Fleet Services	2,725,980	2,767,000	41,020
Commissioner's Office	1,608,400	2,483,190	874,790
Department Total	\$24,505,730	\$25,211,110	\$705,380

Almost \$16 million is budgeted for *Parks and Recreation*, which is responsible for over 4,200 acres of public parks, playgrounds, swimming pools, and public golf courses.

The FY 2005 budget includes a provision to use \$150,000 of revenues from the dedicated building permit fees⁴ to keep three community pools open for the summer. During FY 2003 and 2004, all of these dedicated fees were used for parks maintenance and development costs. Additionally, some park fees for programs, swimming, and golf will be increased.

The *Division of Property Management* has been abolished due to a restructuring of the department, and the functions of that division have been transferred to other units, mostly within the department of General Services. The Division of Building Maintenance will handle custodial services for government buildings, downtown cleanup, event set-up, and routine maintenance; the Division of Parks and Recreation

⁴ A dedicated building permit fee was passed in 1983, and in 1995 the ordinance imposing this fee was clarified to restrict its use to park land acquisition.

Budget In Brief

will take over mowing of government easements; and the Commissioner's office will oversee security for government buildings.

Building Maintenance includes \$560,850 for roof repairs and other maintenance expenses. The FY 2005 budget includes a debt service payment for the \$2.3 million in bonds that were issued for elevator and HVAC system improvements in the Government Center. The FY 2004 equipment notes included funds to continue the Government Center HVAC project on the 5th through 10th floors. In addition, it is proposed that this project be completed with financing from a bond issue during FY 2005, which will have a budget impact in FY 2006.

Fleet Services includes funds for vehicle repair and maintenance.

The **Commissioner's Office** oversees the management of the government's telephone system, utilities, parking facilities, rental facilities, pool vehicle fleet, security, and special events.

Outside Agencies **\$17,532,490**

Outside agencies account for approximately eight percent of all General Services District expenditures. Funding for outside agencies has decreased by over \$4 million. This is primarily the result of providing local funding for the Health Department through a new ad valorem tax for FY 2005, and changing the appropriation to the Humane Society for animal control from an Outside Agency to a contractual arrangement.

The **Lexington Public Library** receives 59 percent of the total outside agency funding (\$10.3 million) due to a legal requirement that mandates the government to provide a funding level of 5 cents per \$100 assessed valuation of taxable property in Fayette County.

Budget In Brief

Lexington United and the Greater Lexington Chamber of Commerce have merged to form Commerce Lexington.

The Community Reinvestment Alliance, Nursing Home Ombudsman, and BGADD (Homecare) have been moved from contractual agreements which were accounted for elsewhere in the budget to Outside Agencies. This more accurately reflects their relationship with the government.

Outside Agencies

Organization	FY 2004	FY 2005	Difference
Baby Health Service	\$16,150	\$16,150	\$-
Bluegrass Area Development Dist.	20,080	51,810	31,730
Bluegrass Community Action	17,820	17,820	-
Bluegrass Technology Center	2,370	1,780	(590)
Board of Health	4,359,800	-	(4,359,800)
Carnegie Literacy Center	53,500	53,500	-
Cntr. Women, Children, and Families	22,060	22,060	-
Children's Museum	237,500	237,500	-
Commerce Lexington	50,000	50,000	-
Community Action Council	151,050	151,050	-
Community Reinvestment Alliance	-	13,840	13,840
Comprehensive Care Center	194,750	194,750	-
Downtown Arts Center	128,250	128,250	-
Downtown Development Authority	75,000	75,000	-
Downtown Lexington Corporation	60,000	50,000	(10,000)
Environmental Commission	2,680	2,680	-
First-Link	24,700	-	(24,700)
Group Home	47,500	47,500	-
Hope Center	199,500	199,500	-
Human Rights	125,210	125,210	-
Humane Society (see note)	634,180	-	(634,180)
Legal Aid/Public Defender	108,540	108,540	-
Lexington Center Corporation	1,850,000	1,850,000	-
Library Board	9,786,500	10,267,490	480,990
Manchester Center	14,250	14,250	-
Nursing Home Ombudsman	-	36,000	36,000
Operation Read	27,550	27,550	-
Pope Villa	2,370	-	(2,370)
Rape Crisis Center	47,500	47,500	-
Salvation Army	79,170	79,170	-
Tenant Services	118,750	118,750	-
Transit Authority	3,404,020	3,404,020	-
World Trade Center	100,000	90,000	(10,000)
YWCA - Spouse Abuse Center	50,820	50,820	-
Total All Agencies	\$22,011,570	\$17,532,490	\$(4,479,080)

Budget In Brief

General Government

\$16,474,080

332.8 FTE

General Government programs include: Council Office, Office of the Mayor, Special Projects, Internal Audit, Administrative Services, Constitutional and Judicial Officers, Contingency, Finance, and Law.

Program	FY 2004	FY 2005	Change
Council Office	\$1,464,080	\$1,501,240	\$37,160
Citizens' Advocate	111,790	138,770	26,980
Council Clerk's Office	548,260	546,000	(2,260)
Internal Audit Office	214,100	234,890	20,790
Mayor's Office	1,774,470	1,536,560	(237,910)
Special Projects	574,360	620,530	46,170
Chief Administrative Officer	1,258,020	766,490	(491,530)
Administrative Services	8,136,380	7,931,300	(205,080)
Contingency/Indirect Cost	(8,457,470)	(7,844,920)	612,550
Constitutional and Judicial	2,280,220	1,984,550	(295,670)
Finance	6,934,350	7,421,450	487,100
Law	1,635,520	1,729,590	94,070
Total	\$16,474,080	\$16,566,450	\$92,370

The *Council Office* budget for Council Neighborhood Development Funds (NDF) was reduced by \$30,000 and two positions will be abolished during FY 2005.

The *Mayor's Office* budget includes \$56,930 for Youth Violence Prevention and \$50,000 for Downtown Improvements. The Mayor's Office budget was reduced by almost \$238,000.

The *Special Projects* budget is detailed in the following chart. Funding for the Christmas Chorus Program is offset by anticipated contributions. Uniformed Services funding will be used for Veterans' Day, Memorial Day, and Armed Forces Day events.

Budget In Brief

Special Projects

Program	FY 2004	FY 2005	Change
Arts Program	\$255,000	\$255,000	\$-
Bluegrass State Games	22,500	11,250	(11,250)
Christmas Chorus	-	43,500	43,500
Corridor Program	50,000	25,000	(25,000)
Eldercrafters	17,370	17,390	20
MLK Celebration	8,100	8,100	-
Neighborhood Match	-	25,000	25,000
Public Art	22,500	-	(22,500)
Race Relations	15,230	15,230	-
Roots & Heritage	22,150	40,720	18,570
Shakespeare in the Park	13,680	10,260	(3,420)
Sister Cities	31,830	31,830	-
Sports Authority	25,000	11,250	(13,750)
Sweet 16	16,000	16,000	-
Uniformed Services	-	35,000	35,000
YMCA	75,000	75,000	-
Total	\$574,360	\$620,530	\$46,170

The *Purchase of Development Rights (PDR)* budget includes \$247,690 for personnel and operating costs and \$566,280 for debt payments.⁵ A \$3 million bond issue is proposed to access the next round of match money at the state and federal levels.

The PDR program was moved out of the *CAO's Office* for FY 2005. Not including this change, the CAO's Office budget was reduced by over \$490,000.

Contingency and Indirect Cost budgets include \$600,000 to address employee pay inequities.

The *Finance Department* includes funds for an additional Accountant position and a Programming Supervisor and a Computer Analyst for Computer Services.

⁵ This is the third payment on a \$7.5 million bond issue.

Budget In Brief

Public Works

\$11,755,330

182.0 FTE

Public Works is comprised of five divisions providing public services in the areas of Engineering, Solid Waste, Streets and Roads, Traffic Engineering, and Sanitary Sewers.⁶

Program	FY 2004	FY 2005	Change
Engineering	\$3,745,180	\$4,094,130	\$348,950
Traffic Engineering	3,622,750	3,640,220	17,470
Streets and Roads	2,519,940	3,511,000	991,060
Commissioner	481,390	509,980	28,590
Department Total	\$10,369,260	\$11,755,330	\$1,386,070

Engineering's budget includes approximately \$1.7 million for storm water management projects in Engineering. This includes \$1,338,070 for the debt payment on the \$10.6 million storm water bonds issued in FY 2002, and \$377,790 for other storm water projects (detailed in the table below). In addition, a bond issue of \$1.25 million is proposed to fund additional storm water projects.

General Fund Storm Water Projects

Description	FY2004	FY2005	Difference
Storm Water Monitoring	\$150,000	\$150,000	\$-
Flood Proofing	107,120	-	(107,120)
Water Quality	25,690	25,690	-
Rain Gauge Program	85,000	92,100	7,100
Storm Drain Rehab./Reconstruction	110,000	110,000	-
Detention/Retention Basin, Facility			
Maintenance	120,000	-	(120,000)
Total	\$597,810	\$377,790	\$(220,020)

⁶ Sanitary sewer, street lights, street cleaning, refuse collection, and refuse disposal services are accounted for in other funds.

Budget In Brief

Funding is included in the division of *Traffic Engineering* for:

- \$34,000 for the Neighborhood Traffic Management (Traffic Calming) program.
- \$80,000 for Fiber Optic Cabling grant match, and \$40,000 for fiber optic cabling ineligible for grant funding.
- \$40,000 additional grant match for traffic signal upgrades and other improvements.

The *Streets and Roads* budget includes a transfer of \$800,000 from the Municipal Aid Program Fund (MAP) for personnel costs. A total of \$278,770 is included for roadway salt. (See the MAP Fund section on page 43 for resurfacing information.)

Social Services

\$9,699,860
200.0 FTE

The Department of Social Services consists of the Divisions of Adult Services, Family Services, Youth Services, and the Mayor’s Training Center.

Program	FY 2004	FY 2005	Change
Family Services	\$3,972,390	\$4,263,100	\$290,710
Youth Services	2,329,860	2,510,110	180,250
Adult Services	1,028,310	1,125,650	97,340
Training Center	950,270	1,041,110	90,840
Commissioner	718,520	759,890	41,370
Department Total	\$8,999,350	\$9,699,860	\$700,510

- *Family Services* provides childcare, education, health, and social services at the Family Care Center, a program to assist families in becoming self-sufficient. As a result of the Kentucky Children’s Health Insurance Plan (K-

Budget In Brief

CHIP), greater numbers of children are being seen at the clinic. Reimbursement in excess of \$1.3 million is expected from the state Medicaid program to offset the cost of providing health and dental care services during FY 2005. The FY 2005 budget includes funding for three new positions.

- **Youth Services** provides social and counseling services for children and their families. The division also oversees the application of the juvenile justice system in Fayette County. Funds are budgeted for an interest payment on bonds to be issued in FY 2005 for a new Day Treatment building.
- **Adult Services** provides assistance in crisis situations to help individuals pay rent and utilities, and offers financial help with payment of landfill and sewer user fees, sewer assessments, and sidewalk repairs. The division also operates the Lexington Senior Citizens Center.
- The **Mayor's Training Center** provides training, educational, and employment services to Fayette County residents and employers.
- In addition to departmental administrative support, the **Commissioner's Office** includes domestic violence prevention, immigrant, and aging services.
- Federal grant funds continue to be available to provide staffing for the following social services programs:
 - Lexington Senior Citizens Center, a centralized facility providing social services to the elderly.
 - Coleman House Emergency Shelter, for children up to age 18 who need to be removed from their homes due to neglect, abuse, status offenses, or pre-delinquency.
 - Day Treatment Center, a community-based treatment program for teenage youths.

Budget In Brief**General Services District Fund
Expenditures by Department⁷**

Departments/Divisions	FY 2005	FTE⁸
Council Office	\$1,501,240	29.0
Citizens' Advocate	138,770	2.0
Council Clerk	546,000	6.3
Internal Audit	234,890	3.0
Office of the Mayor	1,536,560	21.8
Mayor's Office	1,158,960	16.0
Office of Economic Development	206,110	4.0
Youth Programs	171,490	1.8
Special Projects	620,530	-
Office of the CAO	766,940	7.0
Administrative Services	7,931,300	124.0
Purchase of Development Rights	813,970	2.0
Budgeting	447,960	6.0
Government Communications	1,105,760	27.5
Human Resources	2,615,080	32.5
Historic Preservation	293,670	5.0
Community Development	783,380	16.0
Planning	1,871,480	35.0
Insurance	5,088,860	-
Contract Debt	20,324,350	-
Contingency/Indirect Cost	(7,844,920)	-
Constitutional Officers and Judicial	1,984,550	19.0
Finance	7,421,450	100.0
Commissioner's Office	524,300	5.0
Accounting	634,860	11.0
Computer Services	3,662,880	39.0
Revenue	2,118,210	37.0
Purchasing	481,200	8.0
Public Works	11,755,330	182.0
Commissioner's Office	509,980	6.0
Engineering	4,094,130	58.0
Streets and Roads	3,511,000	76.0
Traffic Engineering	3,640,220	42.0

⁷ See pages 17-26 for comparisons to prior year.

⁸ Full-time equivalent positions.

Budget In Brief**General Services District Fund
Expenditures by Department**

Departments/Divisions	FY 2005	FTE⁹
Law	\$1,729,590	20.7
Public Safety	113,738,740	1,723.2
Commissioner's Office/Pension	3,222,530	3.0
DEEM	580,900	10.5
Community Corrections	26,053,180	398.7
Police ¹⁰	41,790,050	706.0
Enhanced 911	31,280	-
Fire and Emergency Services ¹¹	38,327,710	540.0
Code Enforcement	1,457,980	23.5
Building Inspection	2,262,060	41.0
Alcohol Beverage Control	13,050	0.5
Social Services	9,699,860	200.0
Commissioner's Office	759,890	13.0
Adult Services	1,125,650	17.5
Family Services	2,812,230	79.4
Health Care Services	1,450,870	14.2
Youth Services	2,510,110	55.4
Mayor's Training Center	1,041,110	20.5
General Services	25,211,110	394.2
Commissioner's Office	2,483,190	31.0
Fleet Services	2,767,000	55.1
Building Maintenance	4,139,340	64.5
Parks and Recreation	15,821,580	243.6
Outside Agencies	17,532,490	-
Library	10,267,490	-
Health Department	-	-
LexTran	3,404,020	-
Other Agencies	3,860,980	-
Total General Services District	\$219,917,190	2,838.2

⁹ Full-time equivalent positions.

¹⁰ 516 sworn, 190 non-sworn

¹¹ 500 sworn, 40 non-sworn

Budget In Brief

General Services District Revenue

General Services Fund revenues are estimated at \$218,307,590 for FY 2005, or a 4.7 percent increase from FY 2004 revenues (see page 13).

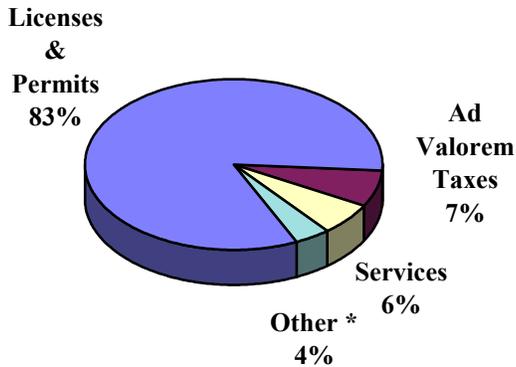
Category	FY 2005 Budget
Licenses and Permits	\$181,194,200
Ad Valorem Taxes	15,560,000
Services	13,189,070
Detention Centers Revenue *	4,755,000
Miscellaneous *	1,464,000
Intergovernmental *	1,925,170
Fines and Forfeitures *	220,150
Total Revenue	\$218,307,590
July 1, 2004, Estimated Fund Balance	1,880,220
Total Available Funds	\$220,187,810

* Compiled as "Other" on chart on page 31.

Licenses and permits revenue is the largest single category of revenue in the General Services District Fund, accounting for 83 percent of all revenues. This category includes revenue from employee withholdings, franchise permits, insurance premium tax, and net profits license fee on businesses.

The second largest category of revenue in this fund (7.1 percent) comes from *ad valorem* (property) taxes. The LFUCG levies two categories of property taxes: (1) a county-wide tax (General Services District) for the support of the general operations of the government; and (2) an Urban Services Districts tax paid by residents receiving government services of refuse collection, street lights, and street cleaning (see page 35).

**General Services District
Revenue by Category
\$218,307,590**



The FY 2005 budget maintains the General Services property tax rate on real property at **8.0 cents per \$100 assessed value** (personal property rate 9.9; motor vehicle rate 8.8).

NOTE: The LFUCG is required by law to provide funding for the Lexington Public Library at a level based on 5 cents per \$100 assessed value of property subject to taxation in Fayette County. The FY 2005 appropriation to the Library is \$10,267,490. Total ad valorem revenues are forecast to be \$15,560,000. Property tax, therefore, only provides \$5.3 million to the general operations of the government.

Additional sources of revenue in the General Fund are *services* (golf course fees, EMS fees, etc.), *finer*, *detention*, *intergovernmental*, and *miscellaneous* revenues.

Beginning Fund Balance

Revenues for a budget year are estimated 18 months in advance of total collections; therefore, conservative estimates are essential. Current year projections are revised during the budget process when better information is available. This may result in the recognition of additional funds that are carried over to the following budget year as a *beginning fund balance*.

The estimated beginning fund balance for FY 2005 of \$1,880,220 reflects tax amnesty funds that were received, but not budgeted, in FY 2004. It does not include a projection of lapsed funds from other revenue sources or expenditures.

FY 2005

Urban Services Districts Fund

Urban Services Districts Fund**Summary of Revenue and Appropriations**

Category	FY 2004	FY 2005	Difference
<i>Revenue</i>			
Ad Valorem	\$26,534,000	\$25,349,000	\$(1,185,000)
Licenses and Permits	861,000	823,000	(38,000)
Services	38,000	38,000	-
Miscellaneous	748,500	1,113,500	365,000
Total Revenue	\$28,181,500	\$27,323,500	\$(858,000)
Fund Balance, July 1 (Estimated)	7,823,740	11,500,000	3,676,260
Total Available Funds	\$36,005,240	\$38,823,500	\$2,818,260
<i>Appropriations</i>			
Personnel	\$12,144,060	\$13,375,390	\$1,231,330
Debt Service	202,980	198,060	(4,920)
Insurance	849,500	772,090	(77,410)
Other Operating	11,006,610	11,421,560	414,950
Transfers To\ (From) Other Funds	169,470	179,210	9,740
Total Operating	\$24,372,620	\$25,946,310	\$1,573,690
<i>Capital</i>			
CIP Capital	\$2,477,000	\$2,500,000	\$23,000
Operating Capital	3,771,570	3,199,400	(572,170)
Total Capital	\$6,248,570	\$5,699,400	\$(549,170)
Total Appropriations	\$30,621,190	\$31,645,710	\$1,024,520
Fund Balance, June 30 (Estimated)	\$5,384,050	\$7,177,790	\$1,793,740

Budget In Brief

Urban Services Districts Fund

In addition to the basic services provided to all residents of Fayette County, property owners in the urban services area have one or more of the following services available to them: *refuse collection, street lights, and street cleaning*. These services are funded by an additional ad valorem tax paid only by the property owners in the respective service districts.

Summary of Revenue and Appropriations By Service

Category	Refuse Collection	Street Lights	Street Cleaning
Revenue			
Ad Valorem Taxes	\$21,339,000	\$3,118,000	\$1,237,000
Other	1,455,430	124,630	49,440
Total Revenue	\$22,794,430	\$3,242,630	\$1,286,440
Fund Balance, July 1	6,166,180	4,736,840	596,980
Total Available	\$28,960,610	\$7,979,470	\$1,883,420
Appropriations			
Direct Expenditures			
Personnel	\$11,701,730	\$-	\$670,770
Operating	6,300,120	3,184,000	172,120
Capital	4,999,760	450,000	150,000
Other Costs	3,651,910	209,780	155,520
Total Appropriations	\$26,653,520	\$3,843,780	\$1,148,410
Fund Balance, June 30	\$2,307,090	\$4,135,690	\$735,010

A total of 283.2 full-time equivalent positions are authorized for the Urban Services Districts Fund.

Division	FTE
Government Communications	0.2
Street Cleaning	16.0
Refuse Collection	267.0
Total	283.2

Budget In Brief

Urban Services Fund Expenditures By Department or Function

Department/Function	FY 2004	FY 2005	Difference
Insurance	\$849,500	\$772,090	\$(77,410)
Contract Debt	202,980	198,060	(4,920)
Indirect Cost/Contingency	2,013,570	2,493,380	479,810
Government Communications	363,400	397,810	34,410
Annual Audit	14,900	14,900	-
Personnel Programs	27,790	13,840	(13,950)
Public Works	25,471,810	25,923,060	451,250
Street Cleaning	1,236,720	992,890	(243,830)
Refuse Collection	21,024,090	21,296,170	272,080
Street Lights	3,211,000	3,634,000	423,000
General Services	1,677,240	1,832,570	155,330
Administration	10,500	10,500	-
Vehicles	1,220,000	1,422,000	202,000
Vacuum Leaf Collection	340,830	335,590	(5,240)
Building Maintenance	105,910	64,480	(41,430)
Total Urban Services	\$30,621,190	\$31,645,710	\$1,024,520

The decrease in *insurance* is due to a reduction in the casualty loss budget for FY 2005.

Contract debt provides debt payments for the sanitation building.

An *indirect cost* payment is made to the General Services Fund (\$1,527,880) for administrative costs not directly charged to this fund (such as accounting, purchasing, payroll, etc.).

The *contingency* budget includes \$654,500 for the new supplemental pay of \$50 per month for positions determined to be high risk. Also included are the budgets for termination pay (\$203,000 for unused sick and vacation hours); the 27th pay period contingency (\$58,000); vacancy credit (\$830,000); home ownership program (\$250,000), and funds to transfer solid waste workers from non-hazardous to hazardous coverage with the County Employees Retirement System (\$630,000). Kentucky Retirement Systems' Board

Budget In Brief

of Trustees denied this request, and the appeal is pending in the Franklin Circuit Court.

Government Communications includes the budgets for LexCall and Public Information. Program costs for LexCall are allocated among three funds based on actual calls received. Sixty-nine percent of the total cost is allocated to the Urban Services Fund. Public Information provides public education services for the refuse collection, street light, and street cleaning programs.

The \$14,900 budget for **personnel programs** provides for the alcohol and drug testing program, commercial driver license costs, and occupational wellness programs.

Refuse collection has been provided twice each week to approximately 69,000 households. Business, institutional, and other non-residential waste is collected through the dumpster program. The recyclables of over 43,000 households are collected once each week. Yard waste containers and bags are provided for once per week collection to residents receiving LFUCG trash collection services. The Council is considering a change to once-per-week collection for all types of waste.

With the abolishment of the Division of Property Management, the Division of Parks and Recreation will take over administration of the **vacuum leaf collection** program. This service is provided only to those properties within the Urban Services Districts that have LFUCG refuse collection service.

Approximately 700 **street lights** are installed in Fayette County annually. This budget includes \$450,000 for installation of additional street lights. The utility expense is budgeted at \$3,183,000, a \$433,000 increase over FY 2004. The increase reflects a possible rate increase by the local electric provider.

Budget In Brief

The Division of Streets and Roads provides *street cleaning* in the urban services area. FY 2005 includes funding for an additional position and a dump truck.

Urban Services Revenue Sources

Total resources available for FY 2005 expenditures in the Urban Services Fund include a projected beginning fund balance of \$11.5 million and revenues of \$27.3 million. The largest single category of revenue to the Urban Services Districts Fund is *ad valorem*, or property taxes. Property taxes account for 93 percent of the total revenues, and are estimated at \$25.3 million for the 2004 tax year (FY 2005).

Urban Services property taxes are determined by a separate rate established for each service available. The tax rates will be adopted in September of 2004. The current rates per \$100 of assessed value on real property are:

NOTE: Revenue raised from Urban Services Districts' property taxes cannot be used to fund the general operations of the government.

<u>Service</u>	<u>Current Rate</u>
Refuse Collection	17.50 cents
Street Lights	02.60 cents
Street Cleaning	00.94 cents
<i>Full Urban Rate</i>	21.04 cents

If **all** of the services are available, the property is located in the ***Full Urban Services District***. If one or two of the services are available, the tax rate is based on the particular service(s) available.

In accordance with the FY 2004 budget, the tax rate for street lights was reduced from 3.11 to 2.6 cents.

Budget In Brief

The FY 2005 budget includes an additional reduction in the tax rates of 1.5 cents in the refuse collection rate and .5 cents in the street lights rate. If the reduction is approved, the refuse collection rate would be 16.0 cents, the street lights rate would be 2.1 cents, and the full urban services district rate would be 19.04 cents.

FY 2005

Other Funds

Special Revenue Funds

Special Revenue funds account for the proceeds of specific revenue sources that are legally restricted for specified expenditures. The government operates two special revenue funds. In addition, state and federal grants are also considered special revenue funds.

Municipal Aid Fund (MAP)	\$3,989,250
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Fayette County receives a share of the state gasoline tax revenues (allocation is based on population). Use of these funds is restricted to certain expenditures related to the construction, reconstruction, or maintenance of **urban streets and roads**.

**Summary of Revenues and Appropriations
Municipal Aid Fund**

	FY 2004	FY 2005	Difference
<i>Revenue</i>			
State MAP Funds	\$3,932,900	\$4,000,000	\$67,100
Interest Income	28,000	33,000	5,000
Total Revenue	\$3,960,900	\$4,033,000	\$72,100
Fund Balance, July 1 (Estimated)	-	-	-
Total Available	\$3,960,900	\$4,033,000	-
<i>Expenditures</i>			
Engineering	\$1,540,650	\$1,539,250	(\$1,400)
Streets and Roads	900,000	1,650,000	750,000
Transfer To General Fund	1,500,000	800,000	(700,000)
Total Expenditures	\$3,940,650	\$3,989,250	\$48,600
Fund Balance, June 30 (Estimated)	\$20,250	\$43,750	\$23,500

The transfer of MAP funds to the General Fund for eligible personnel costs in the Division of Streets and Roads is reduced from \$1.5 million to \$800,000 in order to provide additional funds for street resurfacing.

Budget In Brief

MAP projects for FY 2005 include **\$1,650,000 for resurfacing** (including \$250,000 for Man O' War), and \$1,500,000 for the following road projects.

Project	Grant	FY 2005 Local Funds	State and Federal Grant Funds	Stage ¹²
Alumni Drive Right Turn Lane	yes	\$20,000	\$80,000	c
Citation Boulevard, Phase 2	yes	620,000	2,480,000	r
Clays Mill Road, Section 1	yes	45,000	180,000	r
Clays Mill Road, Section 2	yes	55,000	220,000	r
Loudon Avenue	yes	400,000	1,600,000	c
Richmond Road Trail	yes	23,000	92,000	c
Rose Street Bike Lane	yes	30,000	120,000	c
South Elkhorn Trail, Phase 2	yes	32,000	128,000	c
West Hickman Trail	yes	100,000	400,000	c
Bridge Repairs	no	60,000	-	d, c
Handicap Ramps	no	30,000	-	c
Project Testing	no	20,000	-	c
Small Projects	no	65,000	-	d, r, c
Total		\$1,500,000	\$5,300,000	

County Road Aid	\$540,050
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Use of these state gasoline tax revenues is restricted to expenditures related to **county roads**. Projects include resurfacing, crack sealing, culvert and bridge repairs, guardrail installation, and other road repairs.

¹² Key of project stages: d = design; r = right-of-way; u = utilities; c = construction; re = resident engineer

Budget In Brief

Grant Funds	\$15,470,970
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State and federal grant funds of approximately \$12.4 million are anticipated for FY 2005. The LFUCG will provide more than \$3 million in matching funds for these grants. The following table lists information on some of the major grants that have been awarded to date. A more extensive list will be included in the FY 2005 Annual Budget document. Additional grants will be budgeted throughout the year as they are awarded.

Grant	Federal & State Funds	Local & Other Funds	Total Grant
HOME	\$1,778,600	\$612,610	\$2,391,210
Training Incentive - Fire	1,830,490	-	1,830,490
Training Incentive - Police	1,935,520	-	1,935,520
Meadow/Northland/Arlington - Public Improvements	955,000	-	955,000
Workforce Investment Act (WIA)	478,270	-	478,270
Housing Rehabilitation - Loans	471,990	-	471,990
New Chance	328,570	44,720	373,290
Fiber Optic Cable Installation – CMAQ	320,000	80,000	400,000
Home Network	305,530	44,260	349,790
FHWA Transportation Planning	267,050	47,130	314,180
Local Law Enforcement Block Grant	210,000	23,340	233,340
Street Sales Enforcement	208,150	195,360	403,510
CDBG Administration	180,000	-	180,000
M.A.S.H. Drop Inn	165,000	165,000	330,000
ITS Plan Implementation - CMAQ	160,000	40,000	200,000
Day Treatment	153,720	241,510	395,230
Housing Rehabilitation Operations	150,000	250,000	400,000
21st Century Learning Center	150,930	-	150,930
Family Care Center Expansion	149,000	-	149,000
Building Bluegrass Bridges	115,290	-	115,290
Sewer Tap-On Financial Assistance	100,000	-	100,000
Mobility Office	96,000	24,000	120,000
Emergency Shelter	94,410	94,410	188,820
Summer Lunch - Housing	94,400	45,000	139,400
Other Grants	1,719,730	1,145,980	2,865,710
Total	\$12,417,650	\$3,053,320	\$15,470,970

Budget In Brief

Enterprise Funds

Enterprise funds are those funds in which operations are supported primarily by charges for services.

Sanitary Sewers	\$29,280,090
Operating and Construction Funds	152.0 FTE

The Sanitary Sewer Fund accounts for the expenses associated with collecting, transporting, and treating all sanitary sewage in Fayette County and the Industrial Pre-treatment Program. The fund is supported primarily by sewer user fees. Sewer user fees based on water consumption were initiated in July 1982 to replace property tax funding of the sanitary sewer system, as mandated by the Environmental Protection Agency. Since July 1, 1995, the Kentucky-American Water Company has billed and collected sewer user fees for the government.

During FY 2001, \$25.2 million in bonds were sold for rehabilitation projects outlined in the 20-year Sanitary Sewer Capital Improvement Plan. The capital plan includes two components: the 201 Plan and the Sanitary Sewer Overflow Plan. Sanitary sewer user fees provide the funding for the debt service on the bonds and provide funding for any non-bond funded sewer projects. In addition, the fees pay for the staff, maintenance, and operations of the two wastewater treatment plants and other facilities and services required to support the LFUCG sanitary sewer system.

Budget In Brief

The 201 Plan is a federally-mandated/state-enforced capital improvement program for the LFUCG sanitary sewer system. The Sanitary Sewer Overflow Plan (SSO Plan) is a comprehensive sanitary sewer line/watershed rehabilitation program to address major sanitary sewer overflow problems. The SSO Plan requires the identification of all overflow locations within the collection system.

The FY 2005 budget includes \$2.4 million to continue the implementation of the SSO Plan (inflow and infiltration prevention), and \$800,000 million to begin the Town Branch Treatment Plant expansion.

Sanitary Sewer Fund Revenue is projected at \$25,821,630 for FY 2005 and will come from the following sources:

- \$24,194,630 from User Fees
- \$1,200,000 from Tap-On Fees
- \$340,000 in Interest Earnings
- \$87,000 in Other Revenue

Sanitary Sewer Fund revenues are restricted to current year operating and capital expenses. All funds remaining at year-end are placed into a restricted reserve for capital improvements.

Budget In Brief

Landfill	\$7,799,000 3.5 FTE
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The Landfill Fund was established in 1995 to account for the revenues and expenses associated with the capping and closure of the landfills in Fayette County and the on-going costs of refuse disposal. State and federal regulations have mandated significant changes in the requirements for designing, constructing, operating, managing, maintaining, and closing landfills. The revised requirements have imposed extraordinary expenses on the government. A solid waste disposal fee was established to fund the increased cost of capping and closing the government's landfill and for the expense of a solid waste disposal contract. FY 2005 total Landfill Fund revenues are projected at approximately \$7.9 million.

The FY 2005 *capital budget* includes \$30,000 for the corrective action plan for the closed *Raven Run* landfill, \$505,600 in post closure costs, and \$30,000 for final closure costs at the *Old Frankfort Pike* landfill.

The landfill closure reserve consists of the fund balance as of June 30, 1997, and is increased annually based on excess revenues over expenses. The reserve is estimated to be \$15.6 million at the end of FY 2004, and can only be used to pay the costs of landfill closure or extraordinary operating expenses that exceed available revenues.

Budget In Brief

Right-of-Way Program	\$288,300 5.0 FTE
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The Right-of-Way Program Fund was established in FY 2003 to account for the revenues and expenses associated with the adoption of the Right-of-Way ordinance.

Fees are projected to provide approximately \$285,000 in FY 2005 for the operation of the program.

Extended School Program	\$1,598,290 40.0 FTE
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The Extended School Program Fund was created in FY 1994 to account for the revenues and expenses of an after-school program administered by the Division of Parks and Recreation in various Fayette County Public Schools.

Fees are projected to provide approximately \$1,639,000 in FY 2005 for the operation of the program.

Participating schools include: Stonewall Elementary, Deep Springs Elementary, Dixie Elementary, Meadowthorpe Elementary, Julia R. Ewan Elementary, Yates Elementary, Arlington Elementary, Jessie Clark Middle, Northern Elementary, Millcreek Elementary, Linlee Elementary, Veterans Park Elementary, Russell Cave Elementary, and Edith J. Hayes Middle.

Enhanced 911	\$2,459,060 5.0 FTE
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On January 1, 1996, a monthly fee of **95 cents per phone line** was applied to Fayette County residents' phone bills in order to provide funding for an **Enhanced 911 (E-911) system**. The fee was increased for the first time during FY 2004 to \$1.31.

Budget In Brief

This system saves time and communicates information even when a caller cannot – by providing a resident’s name, telephone number, and address. A major improvement to the system was the linking of **E-911** to the GIS system. When an **E-911** call is received, the calltaker automatically sees a map, pinpointing the location of the caller.

This fund pays for 24 percent of the personnel costs for 911 emergency calltakers and dispatchers in the police and fire divisions (the balance of the personnel cost is paid by the General Services District Fund). In the past, the General Fund provided annual subsidies (based on projected expenses) to this fund when necessary. The fee increase during FY 2004 is expected to eliminate the need for these subsidies.

Total fund resources are \$2,549,000, with \$2,363,000 projected to come from **E-911** fees (including \$344,000 for wireless calls), \$8,000 from interest income, and \$178,000 from fund balance.

Public Corporations	\$9,527,910
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Due to prior state constitutional restrictions, the government did not issue general obligation bonds until FY 2000. Instead, mortgage revenue bonds were issued through various public corporations in order to finance public projects. “Lease payments” from the General Services District and Urban Services Districts Funds are combined with revenues generated by the operation of the projects in order to make debt service payments on these prior bond issues.

The **Public Facilities Corporation** (\$6,849,590) financed various projects through bank and mortgage notes and the issuance of revenue bonds. Projects included government buildings, parks, swimming pools, fire stations, and other public buildings.

Budget In Brief

The **Public Parking Corporation** (\$1,782,580) issued bonds to finance the construction of a downtown transit center, parking garage, and the Martin Luther King Boulevard construction project; and for the construction of the Victorian Square parking structure. Obligations are paid from operations of the public parking facilities and from General Fund appropriations.

The **Fayette County Detention Center Corporation Funds** (\$194,140) account for the revenues and expenses associated with a note issued to finance the land purchase for the new detention facility. Construction of the new adult detention facility was financed through general obligation bonds and is not included in the Public Facilities Fund.

FY 2003 included the final payment on the bonds for the Clark Street facility, and FY 2004 included the final payment on the bonds for the juvenile detention facility.

The **Parks Projects Fund** (\$701,600) accounts for the use of dedicated fees for acquisition of park land and golf course improvements.

A dedicated building permit fee was passed in 1983, and in 1995 the ordinance imposing this fee was clarified to restrict its use to park land acquisition. FY 2005 includes a provision to use \$150,000 of the projected FY 2005 revenues (\$500,000) to keep several community swimming pools open. During FY 2003 and FY 2004, all of the fees were used for parks maintenance and development costs. A transfer from the General Fund of \$250,000 is budgeted to address safety related maintenance issues.

Dedicated revenues from golf fees are estimated at \$101,600 for FY 2005. These revenues are restricted to golf course improvements.

Budget In Brief

Internal Service Funds

Internal Service funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the government on a cost reimbursement basis. The LFUCG operates two internal service funds.

Health, Dental, Vision	\$27,855,090 1.0 FTE
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The government offers health, dental, and vision care insurance options to LFUCG employees under self-insurance plans administered by various third parties. The FY 2005 budget of \$27.8 million is funded through premiums paid by the government for all full-time employees; premiums paid by employees with family coverage; and premiums paid by certain non-employee groups that are allowed to participate in this plan. This includes City Employees' Pension Fund retirees, Policemen's and Firefighters' Retirement Fund retirees, and employees of other affiliated agencies.

The FY 2005 budget includes funding for the first position dedicated to this fund. The position will be responsible for coordinating LFUCG Health care plans, plan design, management of our major medical claims, provide information article for the prevention and control of healthcare cost issues, and manage all Wellness issues.

Prior to FY 2002, Anthem was the only health care insurance included in the self-insurance fund.

Workers' Compensation/Liability	\$6,983,980 18.0 FTE
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The government's Division of Risk Management administers the workers' compensation, property and casualty, and general liability insurance programs. The government

Budget In Brief

reduces financial risks by purchasing reinsurance when feasible. Administration of these programs is combined with a risk management program designed to identify potential exposures to loss and reduce or eliminate risk and losses. The FY 2005 budget of approximately \$7 million is funded through premiums paid from the General Services Fund, Urban Services Fund, and Sanitary Sewer Fund in proportion to risk exposure associated with the personnel and physical assets of each fund.

Excess auto/general/public official liability insurance was not affordable, and the total exposure for FY 2005 is self insured. The money that would have purchased commercial excess insurance will be restricted to settle or finance claims above the self-insured retention levels.

Fiduciary Funds

Fiduciary funds account for assets held by a governmental unit in a trustee capacity. The LFUCG operates three fiduciary funds.

City Employees' Pension	\$2,159,200
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The City Employees' Pension Fund (CEPF) was the retirement system of the city of Lexington covering civil service employees prior to merger with Fayette County. The plan was organized in 1939 and closed to new members in 1973. Members of the CEPF completed the process for transferring to the County Employees Retirement System in November 1992. The fund is administered by a self-governing board of trustees and funded by government and employee contributions of 17.5 percent and 8.5 percent of salary, respectively. Only one current employee remains with the CEPF.

The FY 2005 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees

Budget In Brief

(\$84,400). The government also pays certain other administrative costs.

Policemen's and Firefighters' Retirement	\$29,960,020
	1.0 FTE

The Policemen's and Firefighters' Retirement Fund is a defined benefit pension plan covering all sworn personnel of the Urban County Government's police and fire divisions. The fund is administered by a self-governing board of trustees and funded by government and employee contributions. For FY 2005 the government's contribution rate will increase from 20 to 21 percent of salary, while the employee contribution will remain at 11 percent.

The FY 2005 budget includes the cost for 100 percent of the premium for single health care coverage for eligible retirees (\$2,051,000). The government also pays certain other administrative costs.

Public Library Corporation	\$292,440
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The Public Library Corporation was formed in 1985 to manage funds provided to the Lexington Public Library from the government as a result of an increased assessment (the government is required by law to provide a funding level of 5 cents per \$100 assessed valuation of taxable property). The Library Corporation's long-range financial plan includes retirement of bonds issued to finance construction of the Central Library, expansion of library materials, and construction of additional branches.

The FY 2005 budget provides for payment on the bonds issued to finance the construction of a replacement of the Tates Creek Library branch.

FY 2004 - 2005 Budget Formulation Calendar

November	December	January
<ul style="list-style-type: none"> • Budget Forms Prepared • Budget guidelines developed for the next fiscal year 	<ul style="list-style-type: none"> • Forms Distributed to Outside Agencies • Forms Distributed to Departments 	<ul style="list-style-type: none"> • Revenue Estimates Gathered • Outside Agencies and Departments Submit Budget Requests
February	March	April
<ul style="list-style-type: none"> • Budgeting Reviews All Budget Submissions • Budgeting Prepares Revenue Estimates 	<ul style="list-style-type: none"> • Review of Budget Submissions Continues • Mayor's Budget Hearings Begin 	<ul style="list-style-type: none"> • Mayor's Budget Hearings End • Administrative Review Group Recommends Capital Improvement Plan • Proposed Budget Finalized • Mayor's Budget Address
May	June	July
<ul style="list-style-type: none"> • Public Hearings • Council Budget Hearings Begin 	<ul style="list-style-type: none"> • Council Budget Hearings End • Budget Ratification • 1st and 2nd Readings of Budget Ordinance 	<ul style="list-style-type: none"> • Start of the New Fiscal Year • New Budget Implemented

Profile of Lexington-Fayette County

Location

Lexington, located in the heart of central Kentucky's bluegrass region, is the state's second largest metropolitan area. The urbanized central city is surrounded by its scenic countryside of world-famous horse farms. Its central location and excellent transportation system have been major factors in the city's growth and development. Lexington's location at the intersection of two major interstate highways (Interstates 64 and 75) places it within a day's drive of 70 percent of the U.S. markets.

KENTUCKY



FAYETTE COUNTY

Square Miles 285.5
Average Temperature 54.9°F



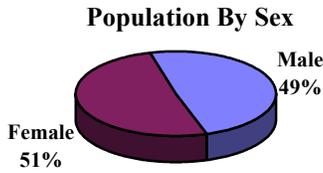
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Budget In Brief

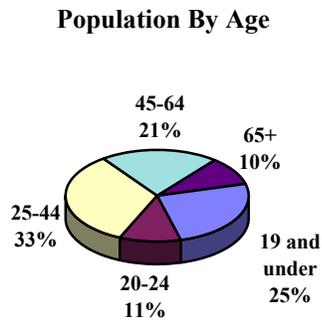
Population

Population Lexington-Fayette County			
Year	Population	Change	% Change
1970	174,323		
1980	204,165	29,842	17.1%
1990	225,366	21,201	10.4%
2000	260,512	35,146	15.6%

Population by Sex 2000	
Male	127,905
Female	132,607
Total	260,512

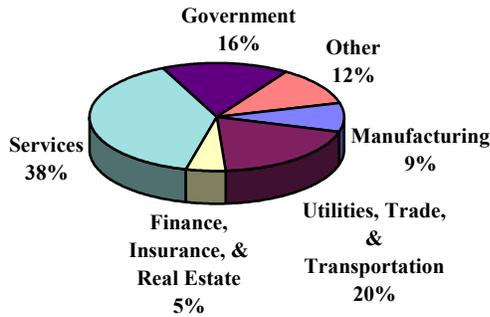


Population by Age 2000	
19 and under	65,226
20-24	28,355
25-44	86,366
45-64	54,391
65+	26,174
Total	260,512



Budget In Brief

Employment by Industry



Average Annual Employment by Industry Lexington-Fayette County – 2003	
All Industries	164,470
Manufacturing	14,003
Utilities, Trade, and Transportation	32,234
Finance, Insurance, and Real Estate	8,288
Services	64,147
Government	26,648
Other	19,150

Source: Kentucky Workforce Development Cabinet, "Average Monthly Employment Covered by Kentucky Unemployment Insurance Law by Industrial Division and by County".

The **service and trade sectors** are the primary sources of employment and income in Fayette County. The **service sector**, which is dominated by jobs in the professional services, such as legal and medical services, accounts for 38 percent of Fayette County jobs. The **trade sector** is the second largest source of jobs, accounting for 20 percent.

Budget In Brief

A stabilizing characteristic of the Lexington economy is its share of employment in the **government sector** (16 percent), of which the University of Kentucky is the largest component.

The Fayette County area is the retail center for the Lexington-Fayette Metropolitan Statistical Area (MSA). Also, the convergence of two major highways makes it ideally suited for the location of wholesale trade facilities.

Local Government

Lexington and Fayette County merged into a single *urban county government* on January 1, 1974. The merger was the culmination of an effort to develop a more efficient use of resources for joint programs in planning, parks, and public safety. A Mayor and 15-member legislative body administer the *Lexington-Fayette Urban County Government*.